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May 12, 2009

AGENDA ITEM 5b

TO: MEMBERS OF THE HEALTH BENEFITS COMMITTEE

- I. SUBJECT:** Health Benefits Branch Consulting Pool
- II. PROGRAM:** Health Benefits Program
- III. RECOMMENDATION:** Information Only
- IV. ANALYSIS:**

Background

The CalPERS Health Benefits Branch (HBB) Health Actuarial and Benefits Consulting Pool Contract (Pool) uses a group of independent consulting firms to provide specialized services in the following five (5) service categories.

- Actuarial support for the Health Program
- Health Benefits consulting services
- Medical Management and Utilization management consulting
- Pharmaceutical Benefit Management consulting
- Leveraging health care information systems

Firms qualified to perform in all of the service categories were selected to participate in the pre-qualified Pool. As services are required, the HBB solicits, evaluates and selects project work plans from selected firms in the Pool. The specific projects assigned to a firm in the Pool are driven by current and future Health Program requirements.

The consultant firms currently under contract in the Pool are:

- Buck Consultants, LLC
- Mercer, LLC
- Milliman, Inc.
- Watson Wyatt Worldwide

Issues

The Health Branch uses a very detailed, technically-oriented process of Request for Proposals (RFP) to solicit interest in, and candidates for, these contracts. This RFP process usually takes from six to nine months to develop, launch and complete.

The Health Branch is currently operating two separate RFPs to refresh the vendor selection for our Health Maintenance Organization (HMO) and Pharmacy Benefit Manager (PBM), along with a number of other challenging projects to further the Board's health agenda.

The existing Health Actuarial and Benefits Consulting Pool contract provides a base contract of three years with two, one-year extensions. The base contract will reach its term in June 2009, and Health Staff are working with Operations Support Services Division (OSSD) staff to execute contract extensions to ensure continuity and transition of services.

Staff will begin working with OSSD staff to issue a new RFP for the Health Actuarial and Benefits Consulting Pool Contract in July 2009.

V. STRATEGIC PLAN

This item directly relates to Goals X: Develop and administer quality, sustainable health benefit programs that are responsive to and valued by enrollees and employers.

VI. RESULTS/COSTS:

The refreshing of this contract pool will result in staff resource costs.

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